

NEWARK'S WATER SUPPLY.**THE INDUSTRIAL CIRCUS.**

Newark is to have a new pipe line from the Intake reservoir at Smith's Mills, on the Pequannock, to the Belleville reservoir. It will parallel the present conduit, and will be nearly twenty-five miles in length. The conduit put in by the East Jersey Water Company under its contract with Newark is four feet in diameter and built of riveted steel plates. Chief Engineer Herschel always insisted that it would carry 50,000,000 gallons a day, and was inclined to doubt critics who disputed the assertion.

The present contract is to supply Newark with 27,000,000 gallons daily until the time when the whole water plant shall have become the property of the city, when it must be equal to a supply of 50,000,000 gallons. Meanwhile the line and storage reservoirs are supplying Montclair, Newark, and Elizabeth, and a new pipe has been across the Passaic, the latter with a view of giving Jersey City 20,000,000 gallons a day at a temporary supply.

Mr. Herkimer, the engineer, says the conduit will not carry 50,000,000 gallons. He thinks that it is about 5,000,000 gallons short, and tables prepared by authorities upon the subject matters. The East Jersey Company, in consequence of this error, will go to the expense of putting down another line, and the work will probably occupy fully a year. Meanwhile both Congress and the nation have to wait for him to finish his labor before they can intelligently discuss the financial problem.

Pending this delay, which has now lasted a fortnight, Wall street has been entertained by movements in the industrial stocks which rival the recent fluctuations of the Kaffir circus, as the group of South African gold mining stocks is called, in London. The leader has been American Tobacco company, which fell from \$34 a fortnight ago to \$3 last Monday. The immediate cause of the decline, although it had for some time been coming on gradually, was the public announcement by the directors of the company, a week ago last Saturday, that, while the next dividend on the preferred stock would be paid as usual, that on the common would be withheld. This to stockholders who for five years had been receiving dividends of 3 per cent, every three months, was a great surprise, and those of them who were startled by it sell largely, were reinforced by a swarm of bear operators, who sold stock they did not own upon the chance of getting it back at lower prices.

Chicago Gas, in contrast with Tobacco, had a large and rapid fall on Friday, Dec. 6, owing to a decision by a Chicago Judge, favorable to the scheme of consolidating into one the railroads comprising the trust. That of course was subsequently lost on the announcement that the redoubtable trust killer, Moloney, Attorney-General of Illinois, was still threatening for the blood of the gas monster, and would not cease his warfare upon it. American Sugar Refining also advanced somewhat upon the well-grounded hope that no alterations of the sugar duties will be made by this Congress. United States Leather also had a substantial advance. Even so sober a security as Consolidated Gas stock has been put up ten points on unconfirmed rumors of some kind of deal which is going to enhance its value. As to Rubber, Lead, Whiskey, General Electric, Cordage, Cotton Oil, and the rest of the industrials, their fluctuations have not been so pronounced, but still they have shared more or less in the general disturbance of the market.

Naturally, those who have lost money by dabbling in these stocks—particularly the victims of the collapse of American Tobacco—are ready to believe the rumors that have set afoot of mismanagement and even fraud on the part of the officers of the companies. That any of these stories are well founded no evidence has been adduced to prove. In fact, the action of the directors of the various Tobacco Company, in giving public notice of the suspension of dividends on its common stock as soon as it was determined upon, without waiting for a formal meeting and vote, is on this fact, indicative of the very reverse of bad faith. That some of them, having foreseen the catastrophe earlier than the others, may have sold their stock in advance of the notice, is quite probable, but they took the chance of being disappointed in their expectations, and, according to the moral law of Wall street, they are blameless.

Such a law, indeed, would not obtain among men governed by a high sense of propriety and duty. The officers of a corporation are trustees for the whole body of its stockholders, and it has long been settled, not only in the forum of conscience, but in that of law, that a trustee cannot rightfully profit by the confidence reposed in him, even when it is not at the expense of his beneficiaries. Any gain he may acquire by means of his office belongs to them and not to him. The idea that corporations are not subject to this rule, has, however, become so generally accepted, that investors in stocks can do nothing but recognize it and act accordingly, and that they make up their minds that, at least of the moment, when they put in control of their property will take advantage of the knowledge their position gives them and buy stock from their constituents or sell it to them, without informing them of the facts.

Stockholders themselves are not always aware taking advantage of early information imparted to them by friendly directors to sell their stock to their fellow stockholders or to buy it from them at a better price than they would obtain if the information was public property.

To the average business man this seems to be a perfectly unobjectionable proceeding. So much of the trading in all kinds of commodities is conducted on the principle that each party to a transaction must take care of himself, that to make an exception in the case of stocks would be unreasonable. But with things so easily marketable as stocks, and with a crowd of shareholders and speculative operators dealing in them, as well as the directors, every one of whom is on the alert to pick up news and act upon it, fluctuations, such as we have seen in the industrials during the last two weeks—and for that matter such as we see recurring year after year—are inevitable.

Things would be very different if the owners of stocks regarded them purely as investments and treated them the same as they do other investments. A capitalist who has sunk his capital in trade does not sell out and withdraw it the first year and even the first month, that he fails to make money. The owner of real estate that happens to lie idle for a while, or is saddled unexpectedly with a heavy assessment, does not proceed forthwith to put it up at auction and accept for it the best bid he can get. Yet, money invested in the shares of an industrial corporation is as much invested in the business of that corporation as if it were not incorporated and the shareholders were special partners. To take alarm and sell out because of a single bad season or a single bad year is as unreasonable in the one case as in the other.

Investors in industrial and other stocks ought also to bear in mind that they pay a less price for them in proportion to the income they yield, because of the uncertainty of that income. If the dividends of 8, 10, and 12 per cent, paid by Sugar, Tobacco, and other similar corporations could be sold out once and for all, there would be no reason for holding them in Government bonds, they could not be bought so cheaply as they can be brought now.

In fact, as soon as the business of such a corporation settles down, like that of a trunk line railroad company, to a point at which it remains steady, its market price begins to approximate to that of bonds yielding the same income. Thus, the share in the Standard Oil Trust which has now paid, for ten years and more, regular dividends of 12 per cent., are now selling at nearly 200, against 100 when they were first put out. Delaware, Lackawanna and Western, which depends chiefly for its income upon the industrial business of mining and selling coal, has become in public estimation so surely a 7 per cent. dividend paying power that its stock bears a premium which reduces the income from it to less than 5 per cent. Possibly the recent rise in Consolidated Gas may be due, not so much to an approaching manipulation, as to a growing belief that its 8 per cent. dividends can be counted upon with reasonable assurance, and that, since an investment in the stock is about 100 yields 5 per cent., it is worth that price.

Unfortunately, the stocks which yield a large income on their price, for the very reason that their dividends are precarious, are precisely those which have the greatest fascination for people with small capitals. As "all men think all men mortal but themselves," so all men, until bitter experience has taught them the contrary, assume that the mishaps which they see occurring to other men's investments will not overtake theirs. Even after they have met with more than one loss they continue like gamblers, to play the game with the hope of retrieving their bad luck and go on playing it until they have nothing left. It is this which often makes a catastrophe like the stoppage of dividends on

American Tobacco stock a widespread and painful calamity. To the mere operator for a rise it is only an incident which will shortly be forgotten, but to the owner of a large number of shares, while to one he has sold for a fall it is the occasion of a profit. But to hundreds, if not thousands, it means for a season the deprivation of the profits if not of the necessities of life, and great mental affliction.

On the other hand, the adventurous and acquisitive disposition which leads so many people to put their capital in jeopardy for the sake of the large returns they hope to get from it is not unscrupulous in the country. If no enterprises were undertaken but those demonstrated with mathematical exactness to be sure to succeed, and if capital was never invested but where it could not possibly be lost, the development of our national resources would be far slower than it is. It is with industry as it is with the processes of nature. One-half of the children born fail to reach maturity, and among the inferior animals and in the vegetable kingdom, the waste of life accompanying the production of the individuals who survive the earlier stages of their existence, is incalculable. That of the many mines opened, the factories equipped and operated, the railroads built, and the houses erected have been successful is a matter of small account, the natural result of human imperfection. That the majority of them more or less completely fulfill expectation is proved by the undeniable increase, on the whole, of the country's wealth even in the most unpropitious times. Individuals suffer, but the community gains. Nevertheless, that industrial enterprises should be shunned by every one who cannot afford to lose the whole of the money he invests in them, or to whom the loss of it would occasion unbearable annoyance, scarcely needs argument. It may be hard to live upon an income of only 4 per cent. from one's capital, but it is still harder to live upon nothing at all. Short of this catastrophe, the anxiety and worry which are occasioned by the vicissitudes of such enterprises, unless they can be borne with philosophic indifference, are poorly compensated by the higher rate of income they yield.

MATTHEW MARSHALLA.

ARRIVED.—SUNDAY, Dec. 15.

ARRIVED OUT.

SA LORRAINE, from New York, at Havre.

SA EL PASO, from New York.

SA ROME, from Liverpool for New York.

SA LIMA, from Rotterdam for New York, passed the Suez Canal, from New York for Amsterdam, passed the Lizard.

SAILED FROM FOREIGN PORTS.

SA LIVERPOOL, from Liverpool for New York.

SA LONDON, from New Orleans for New York.

SA ALGIERS, from Port Said for New York.

SA PORT OF SPAIN, from New York.

SA NEW YORK, from New York.

SA PORT OF SPAIN, from New York.

SA NEW YORK, from New York.